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Financing of the United Nations Mission in Ethiopia and Eritrea

Final performance report of the United Nations Mission in Ethiopia and Eritrea

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the final performance report of the United Nations Mission in Ethiopia and Eritrea (UNMEE) (A/66/560). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information.

2. The mandate of UNMEE was established by the Security Council in its resolutions 1312 (2000) and 1320 (2000), further adjusted by the Council in its resolution 1430 (2002) and extended by the Council in subsequent resolutions. By its resolution 1827 (2008), the Council decided to terminate the mandate of the Mission effective 31 July 2008.

3. Activities to liquidate the Mission, including the disposition of its assets, were carried out during the period from 1 August 2008 to 10 March 2009. Information on the final disposition of assets is contained in the Secretary-General's report of 30 December 2010 (A/65/678) and the views and comments of the Advisory Committee on the exercise are contained in its report (A/65/748).

II. Financial performance

4. In paragraphs 4 to 6 of his report, the Secretary-General provides a summary of the financial performance of UNMEE from its inception, on 31 July 2000, to 30 June 2011. Total income for the period amounted to approximately $1.56 billion and total expenditure amounted to $1.4 billion, which was partially offset by the

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amount of $62.1 million in cancellation of prior-period obligations, leaving an unencumbered balance of approximately $211 million.

5. Upon enquiry, the Advisory Committee was informed that the unencumbered balance represented the unutilized appropriations since the inception of the Mission. It was also indicated that, while every effort had been made to fully utilize the appropriations, the budget implementation rate had ultimately been determined by the situation on the ground and factors beyond the Mission's control. **The Advisory Committee accepts that there were specific circumstances faced by UNMEE which gave rise to the unencumbered balance. Nonetheless, the Committee is of the view that there are important lessons to be learned from the liquidation of UNMEE which need to be documented and taken into account by other liquidating missions.**

6. In paragraph 4 of his report, the Secretary-General indicates that total income was derived from assessed contributions ($1.53 billion); interest income ($19 million); and other/miscellaneous income ($5.7 million). He further indicates that the total amount of assessed contributions was fully appropriated by the General Assembly for the operation and maintenance of UNMEE.

7. In paragraph 5 of his report, the Secretary-General indicates that, of the approximately $211 million unencumbered balance realized by UNMEE, the credits returned to Member States amounted to approximately $200 million, leaving a fund balance in the amount of $11 million as at 30 June 2011.

8. After taking into account the outstanding assessed contributions (approximately $2 million) and other receivables, the cash available for return to Member States as at 31 December 2011 amounts to $8.99 million. **The Advisory Committee recalls the repeated calls by the General Assembly for all Member States to pay their assessed contributions on time, in full and without conditions (see General Assembly resolution 65/293).**[1]

Outstanding liabilities to Governments

9. The Advisory Committee notes that financial regulation 5.5 of the United Nations Financial Regulations and Rules allows for the obligations to Governments for troops, formed police units, logistical support and other goods supplied and services rendered to peacekeeping operations to remain valid for five years beyond the financial period to which they relate. Considering that the mandate of UNMEE was terminated effective 31 July 2008, the Committee notes that the issuance of the Mission's final performance report, and return of its unused cash balance to Member States, are being done before the expiration of the stipulated five-year period. **In that regard, the Committee is concerned how potential valid claims from troop- and police-contributing countries will be paid (see para. 11 below).**

10. Upon enquiry, the Advisory Committee was informed that the amount of cash available for return to Member States was determined on a net basis, thereby reserving sufficient cash for the future settlement of claims. The Committee was further informed that there were no pending claims for the reimbursement of Member States for troops, logistical support and other goods supplied or services rendered to UNMEE. With regard to death and disability claims, the Committee was

[1] See also resolutions 64/243, 62/236, 56/253 and 54/249.

informed that one death compensation claim in the amount of $50,000 had been submitted in February 2011 and was under review by the Office of Legal Affairs, for a legal opinion, before being processed. In addition, the Committee was informed that one compensation claim in the amount of $1,000 was pending the submission of supporting documentation by the Government concerned.

11. **The Advisory Committee trusts that in determining the amount of cash available for credit to Member States, adequate provision has been made to cover all outstanding liabilities arising from claims from Member States.**

Potential liabilities arising from assets abandoned in situ

12. Regarding the potential liabilities arising from the assets that had been abandoned in situ in Eritrea, the Advisory Committee recalls its comments contained in paragraph 9 of its report (A/65/748). The Committee was informed that the Organization would be absolved and indemnified from any future claims arising from the assets. **In the light of the unpredictable circumstances related to the termination of the mandate of UNMEE, the Advisory Committee concurs with the opinions expressed by the Board of Auditors with regard to the experiences of the United Nations Mission in the Central African Republic and Chad and the United Nations Mission in the Sudan (A/66/5 (Vol. II), para. 181) that all active missions should develop contingency liquidation plans.**

III. Conclusion

13. The action to be taken by the General Assembly in connection with the final performance report for UNMEE is contained in paragraph 7 of the report of the Secretary-General (A/66/560). **The Advisory Committee recommends acceptance of the Secretary-General's proposal to credit the cash balance as at 31 December 2011, in the amount of $8,986,000, to Member States.**